

Legislative Fiscal Bureau

Fiscal Note

HF 96 - Local Vote on Assessments (LSB 1136 HV)

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Fiscal Note Version — Version 1

Description

House File 96 requires the county board of supervisors and the city council to adopt a resolution by January 15 of each year indicating the percentage of adjusted taxable value that will be subject to property tax in the following fiscal year. The boards and councils are to certify the percentage to the county auditor, and the auditor publishes notice of the percentage.

Assumptions

1. Only cities and counties are affected by HF 96. Other taxing authorities, such as school districts, will continue to levy against full taxable valuations.
2. Counties will incur costs for public notifications of the cities' and county's resolutions by the county auditor. Publication costs vary between \$100 and \$500, yielding a maximum cost to the counties of \$50,000.
3. New tax forms will need to be printed. The new forms may require larger or odd-size paper, which could result in some increased in printing and mailing costs.
4. The city, county, and State tax software will need to be modified to accommodate for additional information.
 - Agencies with in-house programming capabilities will experience opportunity costs as they forego other projects and apply resources to the requirements of this Bill.
 - Agencies without programming capabilities will contract for the updates, which the Iowa State Association of Counties estimates could cost up to \$2,000 per county.
 - The Department of Management estimates contract programming for its two systems will cost approximately \$51,000.
5. Counties have a General Services Levy limit of \$3.50 per \$1,000 taxable valuation and a Rural Services Levy limit of \$3.95 per \$1,000 taxable valuation. Cities have a General Services Levy limit of \$8.10 per \$1,000 taxable valuation. Both cities and counties have the authority for supplemental levies if the above limits are inadequate to pay for such things as employee benefits, insurance for operations or self-insurance, emergency management, and a number of other items. Given the ability to shift costs to supplemental levies, it is not possible to determine how many cities and counties are approaching or have reached their taxing limits.
6. Under HF 96, cities and counties could reduce the percentage of valuation that is taxed and raise their levies in a budget neutral manner. Since the Homestead Tax Credit is calculated by multiplying \$4,850 in taxable value by the levy rate, it is possible to increase the costs to the State General Fund. It is estimated that 750,000 residents receive the Homestead Tax Credit.
7. Under HF 96, cities and counties that are at their maximum tax levy limits could set the percentage of valuation in excess of 100.0% and reduce their levy rate accordingly, thus allowing them to maintain or increase their budgets while staying below the levy rate limit.

Fiscal Impact

The costs for HF 96 cannot be determined. While cities, counties, and the General Fund may experience cost increases, there is insufficient information to provide an estimate.

Sources

Iowa State Association of Counties
Iowa League of Cities
Department of Management
Department of Revenue and Finance

February 5, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
